



COMDTINST 11240.15A  
31 OCT 1988

COMMANDANT INSTRUCTION 11240.15A

Subj: Reporting Requirements for taxation of Non-cash Fringe Benefits

1. PURPOSE. To provide policy and instructions for calculating and reporting the value of Government furnished commuting (home-to-work) transportation, a non-cash fringe benefit, provided to Department of Transportation employees, including uniformed service personnel.
2. DIRECTIVES AFFECTED. Commandant Instruction 11240.15 is cancelled.
3. DISCUSSION.
  - a. DOT N 3550.3, enclosure (1) published 19 May 1988, has been revised to reflect the need for reporting separated or transferred employees who have accrued taxable fringe benefits. COMDTINST 11240.15 (series) has been prepared to inform employees of these new instructions.
  - b. This non-cash fringe benefit must be included in the employee's taxable income according to the Internal revenue Code. The accounting period for reporting taxable benefits is from 1 November to 31 October. This applies to an employee who commutes in a Government passenger carrier more than 12 round trips during a reporting year.
  - c. An Automobile Commuting Use Reporting Form, contained in enclosure (2), must be prepared for each employee who has accrued fringe benefits, including employees being separated or transferred. The completed form for separated or transferred employees will be forwarded to the servicing payroll office within three (3) workdays

COMDTINST 11240.15A

3. c. (cont'd) of the date the employee clears the organization. The clearance record must reflect whether the employee had accrue taxable fringe benefits.
4. PROCEDURE. The Annual Summary Report of Fringe Benefits, which is submitted in November of each year shall identify separated and transferred employees for whom benefits previously were reported with the annotation "separated" or "transferred," as appropriate, in the right-hand margin.
5. ACTION. Area and district commanders, commanders of maintenance and logistics commands, unit commanding officers and Commander, CG Activities Europe shall provide the 1 November to 31 October Summary Report of Fringe Benefits contained in enclosure (1) to the servicing payroll office (Pay and Personnel Center, Topeka, KS, for military and Federal Aviation Administration, Oklahoma City, OK, for civilian) no later than 30 November so that all affected employees will have the amounts included in their IRS Form W-2.
6. REPORTS AND FORMS. An information copy of this Summary Report of Fringe Benefits shall be provided to Commandant (G-ECV). Enclosure (1) consists of forms for computing the benefits for control and regular employees. The Paperwork Management Manual, COMDTINST M5212.12, requires that this information be stored three (3) years.

R. L. JOHANSON  
Chief, Office of Engineering  
and Development

Encl: (1) DOT N 3550.3 of 19 May 1988  
(2) Automobile Commuting Use Reporting Forms

**U.S. DEPARTMENT OF  
TRANSPORTATION**

DOT N 3550.3

Office of the Secretary  
of Transportation

5/19/88

Subject: TAXATION OF FRINGE BENEFITS

EXPIRES: 5/19/89

1. PURPOSE. This Notice informs employees (including uniformed service personnel) of Internal Revenue Service (IRS) regulations governing the taxation of certain noncash fringe benefits. This also serves as the annual notification to employees of the special valuation rule to be used within the Department for determining the value of noncash fringe benefits.
2. BACKGROUND. A Federal employee is required to pay Federal income taxes on the fair market value of noncash fringe benefits provided by the Government. The major fringe benefit subject to such treatment within the Department is employer-provided transportation between home and work. The IRS takes the position that this transportation is in lieu of commuting expense and therefore is a form of compensation for which the employee may have a personal tax liability.
3. REFERENCES.
  - a. Section 1344 of title 31, United States Code, as amended by Public Law 99-550 of 10/27/86, which governs the use of Government passenger carriers for home-to-work transportation.
  - b. Internal Revenue Service Temporary Regulation at 50 FR 52281 (12/23/85) pertaining to taxation of fringe benefits.
  - c. DOT 4440.4, Official Use of Government Motor Vehicles, of 5/22/85 containing policy on use of Government vehicles for home-to-work transportation.
  - d. DOT 1500.6A, Travel Manual, of 1/2/85 providing for reimbursement for temporary duty travel, including local travel, authorized in connection with official business.
4. APPLICABILITY.
  - a. Within the Department, these fringe benefit provisions apply to an employee who commutes (non-reimbursable travel between home and work) in a Government passenger carrier more than 12 round-trips during a reporting year.
  - b. Although only a small percentage of Departmental employees are affected by the IRS regulations, any employee who uses a Government passenger carrier must assess applicability of the regulations to his/her own situation and personal tax liability.

---

DISTRIBUTION: ALL SECRETARIAL OFFICES  
ALL OPERATING ADMINISTRATORS

OPI: Office of  
Financial  
Managment

- c. Employees with questions on their eligibility should contact their servicing payroll or other office designated by their Operating Administration.
5. PASSENGER CARRIER USE AS A FRINGE BENEFIT.
- a. General. Commuting transportation is considered a fringe benefit when use of Government passenger carrier is between residence and designated work site at the official post of duty for which the agency may not authorize an allowance under the Travel Manual.
  - b. Exclusions.
    - (1) Use of government passenger carrier for commuting 12 round-trips or less during a year. This amount of usage is considered a de minimis (normal) fringe benefit which is so small that the value of it is not added to the gross income of an employee.
    - (2) Travel between residence and work site at the official post of duty which is reimbursable under the Travel Manual as an official travel expense. For example, travel is excluded for which taxicab fares would be reimbursed or mileage allowance would be paid. This situation arises when travel between home and office occurs on a day when ongoing travel requiring an overnight stay is to be preformed (paragraph 3-0106).
6. PASSENGER CARRIER USAGE RECORDS. Organizational records on usage of Government passenger carrier for transportation between home and work will be used to determine the value of fringe benefits. When records are not available to the organization to determine such usage, employees will be responsible for providing the needed information from their available records.
7. VALUATION OF FRINGE BENEFIT. The IRS has established three methods for valuation of the commuting transportation fringe benefit for motor vehicles. These are the Commuting Special Valuation Rule, the Automobile Lease Valuation Rule, and the Cents Per Mile Rule. The Department will not use the Cents Per Mile Rule.
8. REGULAR AND CONTROL EMPLOYEES. The IRS differentiates between regular employees and control employees for purposes of determining valuations of the commuting transportation fringe benefit. Within DOT, control employees are Presidential appointees subject to Senate confirmation or commissioned military officers equal to or above the rank of rear admiral (lower half).

DOT N 3550.3  
5-19-88

- a. Regular Employees - Commuting Special Valuation Rule.
    - (1) The valuation of \$1.50 per one-way trip between home and work is added to the employee's taxable income. This amount includes the value of the vehicle, maintenance, insurance, and fuel. The valuation of \$1.50 per one-way trip per person applies to an individual who is the sole vehicle occupant or one of several occupants in a car pool.
    - (2) All Departmental employees will use this valuation rule except control employees and employees who use chauffeur-driven vehicles.
  - b. Control Employees - Automobile Lease Valuation Rule. The value of a control employee's benefit will be determined by applying the percentage of mile driven for commuting use to the annual lease value of the vehicle plus the fuel costs of 5.5 center per mile. The fair market value of chauffeur services provided for commuting use also must be included where appropriate. Forms for computing the benefits for control employees are available from the Departmental Office of Administrative Services and Property Management (M-44).
9. NOTIFICATION AND REPORTING RESPONSIBILITIES. Supervisors of employees who use Government-provided transportation will notify each affected employee of the requirements of this Notice and will ensure that all required reporting on passenger carrier usage and tax and wage information is timely.
10. TAX AND WAGE INFORMATION.
- a. The value assigned to the commuting transportation fringe benefits provided will be included in the taxable wages of affected employees.
  - b. No income tax will be withheld from employees. Social security tax or the Medicare portion of social security tax will be withheld if applicable.
  - c. For each reporting year, a Form W-2 will be provided to the employee by January 31 of the following year to reflect the value of the commuting transportation fringe benefit.
11. TAX ACCOUNTING PERIOD. The Department has opted to use the special accounting period of November 1 through October 31 for determining an employee's taxable fringe benefit. This special period is authorized by the IRS to facilitate the collection and reporting of tax information.

12. REPORTING REQUIREMENTS.

- a. All Regular and Control Employees. Each Operating Administration will prepare and submit to the appropriate payroll office an annual summary report of fringe benefits by November 30. Within the Office of the Secretary, this information will be prepared by each Departmental Office. A copy of each summary will be furnished to the Departmental Office of Financial Management (M-80). Attachment 1 is a sample summary form. The form will include employees' names, social security numbers, and the total amount of taxable fringe benefits provided for the reporting period of November 1 through October 31.
- b. Separated and Transferred Employees.
  - (1) An automobile commuting use reporting form must be prepared for each employee who has accrued fringe benefits, including employees who are being separated or transferred. The completed form for separated or transferred employees will be forwarded to the servicing payroll office within three (3) workdays of the date the employee clears the organization. The clearance records for separated and transferred employees must reflect whether the employee has accrued taxable fringe benefits.
  - (2) The annual summary report of fringe benefits, which is submitted in November of each year (see paragraph 12a, above), should identify separated and transferred employees for whom benefits previously were reported with the annotation "separated" or "transferred," as appropriate, in the right-hand margin.

FOR THE SECRETARY OF TRANSPORTATION

Melissa J. Allen  
For the Assistant Secretary  
for Administration

DOT N 3550.3  
5-19-88

Attachment 1  
Page 1

Annual Summary Report of Fringe Benefits (Employee Use of Government Owned/Leased Vehicles)		
Operating Administration	Reporting Year	Name & Telephone No. of Contact Person
A. CONTROL EMPLOYEES		
Employee Name	Social Security Number	Fringe Benefits
1.		\$
2.		
3.		
4.		
5.		
Total Control Employees. If reporting more than 5 employees, enter total on continuation page.		\$
B. REGULAR EMPLOYEES		
Employee Name	Social Security Number	Fringe Benefits
1.		\$
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
Total Regular Employees. If reporting more than 10 employees, enter totals on continuation page.		\$
I certify that the value of noncash fringe benefit income received by the above employees for the stated reporting year is correct to the best of my knowledge.		
Signature and Typed or Printed Name of Certifying Official - Date		

Page 2

Annual Summary Report of Fringe Benefits - Continued (Continue serialized list on bond paper if list exceeds 30 employees)		
Employee Name	Social Security Number	Fringe Benefits
11.		\$
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24.		
25.		
26.		
27.		
28.		
29.		
30.		
Total Control Employees		
Total Regular Employees		\$



AUTOMOBILE COMMUTING USE REPORTING FORM

REGULAR EMPLOYEE

Employee: \_\_\_\_\_ Reporting Period: \_\_\_\_\_

Operating Admin: \_\_\_\_\_ Soc. Sec. No.: \_\_\_\_\_

Total number of round trips per reporting period vehicle was used for commuting \_\_\_\_\_

NOTE:

Reporting period is November 1 thru October 31.

CALCULATION OF VALUE OF FRINGE BENEFIT

Standard DOT Rates: \$3.00 per commuting round trip (includes value of vehicle and fuel)

$$\frac{\text{Total Round Trips}}{\text{Total Round Trips}} \times \frac{\$3.00}{\text{Standard DOT Rate}} = \$ \frac{\text{Fringe Benefit Amount}}{\text{Fringe Benefit Amount}}$$

\_\_\_\_\_  
Signature of Preparer/Date

\_\_\_\_\_  
Type Name & Title of Preparer

RETAIN A COPY FOR YOUR OFFICIAL RECORDS  
FOR THREE YEARS FROM THE DATE OF SUBMISSION